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**ANACON LEAD MINES LIMITED**

*Annual Report*

YEAR ENDED DECEMBER 31, 1963







# ANACON LEAD MINES LIMITED

## BOARD OF DIRECTORS

M. J. BOYLEN, D.C.L., D.Sc. .... Toronto, Ontario  
ROBERT J. ISAACS, B.A.Sc., P.Eng. .... Toronto, Ontario  
D. W. GORDON, F.C.I.S. .... Toronto, Ontario  
FRED JUSTER ..... Montreal, Quebec  
GORDON L. MOORE ..... Toronto, Ontario  
WILLIAM C. DURHAM ..... Toronto, Ontario  
CHARLES B. BRANNIGAN ..... Toronto, Ontario

## OFFICERS

M. J. BOYLEN, D.C.L., D.Sc. .... President and Managing Director  
D. W. GORDON, F.C.I.S. .... Vice-President  
GORDON L. MOORE ..... Secretary-Treasurer  
CHARLES B. BRANNIGAN ..... Assistant Secretary

## REGISTRARS AND TRANSFER AGENTS

GUARANTY TRUST COMPANY OF CANADA ..... Toronto, Montreal, and Vancouver  
EMPIRE TRUST COMPANY ..... New York City, New York

## AUDITORS

THORNE, MULHOLLAND, HOWSON & McPHERSON  
Suite 902, 111 Richmond St. W., Toronto, Ontario

## HEAD OFFICE

SUITE 908, 330 BAY STREET ..... Toronto, Ontario



# ANACON LEAD MINES LIMITED

Suite 908, 330 Bay Street  
TORONTO, ONTARIO

January 27, 1964.

## TO THE SHAREHOLDERS:

Enclosed herewith is a notice calling the annual and a general meeting of the shareholders of the Company to be held in Room 904, 330 Bay Street, Toronto, Canada, on Tuesday, February 11, 1964, at eleven o'clock in the morning (Eastern Standard Time). Also enclosed is a copy of the Balance Sheet of the Company as at December 31, 1963, together with the statements related thereto and the report of the auditors thereon. A form of instrument of proxy is also enclosed.

The directors have called the meeting in order that the shareholders may consider and if thought fit confirm the plan of the directors to apply for supplementary letters patent to re-organize the authorized capital of the Company on the basis of one "new" for every three "old" shares. The name of the Company is to be changed to "Key Anacon Mines Limited" in the same supplementary letters patent. Of the present authorized eight million shares, there are almost seven million shares issued and outstanding, and it is the opinion of the directors that the further financing of the Company can best be accomplished when combined with the re-organization of the Company.

If the capital re-organization of the Company is approved at the meeting, shareholders will also be asked to approve the action of the directors in offering to the holders of the Company's shares (as constituted after supplementary letters patent) and of record as at the close of business on February 21, 1964, the right to buy one additional "new" share in the capital of the Company for each "new" share held by the shareholders at a price of 60 cents per share. If approved, the material relating to this offer will be mailed to shareholders immediately after the record date and the offer will expire on March 13, 1964.

These rights will be of value until the expiry of the offer; subscription warrants will be void and valueless if not used prior to the expiry date. The material relating to the offer will afford shareholders the information necessary for their consideration of their subscription rights. As the new share issue will not be registered under the Securities Act of 1933 of the United States of America, these shares will not be offered to shareholders whose recorded addresses are in the United States of America or any of its territories or possessions. Nevertheless the rights evidenced by the subscription warrants will be transferable and it is expected that they will be traded on the Toronto Stock Exchange, the Canadian Stock Exchange and the Vancouver Stock Exchange until shortly before they expire. It is understood that there is no objection to a United States shareholder selling his rights.

At the forthcoming meeting you will also be asked to confirm an agreement between the Company and Kent Line Limited of Saint John, New Brunswick, whereunder the latter will purchase at 60 cents per share, all of the "new" shares in the Company's capital which are not taken up and subscribed for by the shareholders of the Company under the rights offering. As there will be 2,311,627 "new" shares issued and in the hands of shareholders after the issue of supplementary letters patent, there will be 2,311,627 additional "new" shares available for the rights offering at 60 cents per share. The sale of all of these shares to those shareholders who shall elect to exercise their subscription rights, and to the above underwriter, will provide the Company with \$1,386,976.20. The Company already holds 790,000 shares in the capital of Brunswick Mining and Smelting Corporation Limited. Under the offering of rights proposed by that Company, your Company will be entitled to buy an additional



131,666 Brunswick shares at \$4 each. These rights will be fully taken up out of the foregoing proceeds. The Company will in addition pay interest in full to the end of 1963 on its bank loan.

As the Company will have a substantial cash position, serious consideration is being given by the directors to the reopening of the New Larder "U" property near Bathurst, New Brunswick at the appropriate time. On this property proven ore reserves based on underground and surface diamond drilling are estimated at 1,428,000 tons grading 2.35% lead, 6.47% zinc and 2.16 ounces of silver per ton. This property is approximately six miles from the Brunswick Mining and Smelting Corporation Limited property where their mill, at installed capacity of 4,500 tons, is scheduled for production about March 1, 1964.

The meeting on February 11, 1964 has also been called as the annual meeting for this year, in the interests of economy and convenience. The shareholders will therefore also be asked to conduct the usual business of an annual meeting including the receipt and consideration of the financial statements for the past year, the election of directors and the appointment of auditors for the coming year.

On August 29th, 1963, a fire occurred at your Company's plant situated at its Chibougamau operation in the townships of Rohault and La Dauvesiere, Quebec. The buildings destroyed included the mill, crushing plant, head frame and bins, hoist and compressor, shops, office and warehouse and other lesser buildings. A part of the equipment not required for use by the Company had been sold. The property was under caretaker service, and due to the fact that the Company's mining operations were suspended, the loss of the plant was partially covered by insurance. The book value of the plant after application of the proceeds of the insurance claim and salvage program has been written off to the capital deficit account.

The mining licenses held by the Company in the Province of New Brunswick are maintained in good standing. It is planned to place this property in production at the appropriate time when the smelter now under construction in the area will be able to treat the product.

Your Company's claims in the Lac Romanet area of Quebec have been reviewed and as a result, the holdings have been reduced to 16 claims now held in good standing. Your Company has acquired 34 claims in the Batchawana River area, District of Algoma, on which exploration work is scheduled for the coming season. This property adjoins Tribag Mines Limited, to the west, where a sizeable orebody is currently under development.

The directors earnestly request the support of the shareholders at the meeting for all of the matters of special business which will be considered. You may best express your support by signing, dating and returning the enclosed instrument of proxy in the return envelope provided for that purpose. The three persons named in the instrument of proxy form are officers of the Company and if you wish to designate some other person as your proxy you may use the enclosed form by striking out the printed names.

On behalf of the Board of Directors,

M. J. BOYLEN,  
President.



# ANACON LEAD

Incorporated under the laws of the Province of Ontario

## Balance Sheet

### ASSETS

#### CURRENT ASSETS:

Cash .....	7,025.64	
Accounts receivable .....	54,282.86	61,308.50

#### OTHER ASSETS:

Investments (Schedule A) .....	2,828,925.00	
Stores and supplies, at cost .....	3,939.08	2,832,864.08

#### MINING PROPERTIES, BUILDINGS, PLANT AND EQUIPMENT, DEFERRED DEVELOPMENT AND ADMINISTRATIVE EXPENSES (Schedule B):

Mining properties .....	225,054.95	
Buildings, plant and equipment .....	367,083.32	
Deferred development and administrative expenses .....	3,700,743.36	4,292,881.63

ORGANIZATION EXPENSE .....		3,332.50
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Approved on behalf of the Board:

M. J. BOYLEN, Director.

G. L. MOORE, Director.

\$ 7,190,386.71

The schedules and notes attached hereto

AUDITORS

To the Shareholders of

ANACON LEAD MINES LIMITED:

We have examined the balance sheet of Anacon Lead Mines Limited as at December 31, 1963, and the statement of income, deficit and deferred development and administrative expenses for the year ended on that date, and of accounting records and other supporting evidence as we considered necessary in the course of our audit.

In our opinion the accompanying balance sheet, supplemented by the schedules and notes thereto, presents fairly the financial position of the company at the year end, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles.

Toronto, Canada,  
January 23, 1964.

# MINES LIMITED

the laws of Ontario

December 31st, 1963

## LIABILITIES

### CURRENT LIABILITIES:

Accounts payable and accrued liabilities .....	170,849.54	
Demand note payable .....	20,000.00	190,849.54
		<hr/>
BANK LOAN, SECURED .....		3,875,000.00
		<hr/>
		4,065,849.54

## SHAREHOLDERS' EQUITY

### CAPITAL STOCK (see note):

Authorized, 8,000,000 shares of the par value of 20 cents each		
Issued, 6,934,881 shares (no change during year) .....	1,386,976.20	
CONTRIBUTED SURPLUS (no change during year) .....	260,000.00	
SURPLUS ARISING ON SALE OF MINING PROPERTIES AND INVESTMENTS .....	2,497,454.96	
	<hr/>	
	4,144,431.16	
DEFICIT .....	1,019,893.99	3,124,537.17

\$ 7,190,386.71

are an integral part of this statement.

## REPORT

1, 1963 and the statements of surplus arising on sale of mining properties and investments,  
e. Our examination included a general review of the accounting procedures and such tests  
stances.

tes thereto, and related statements of surplus arising on sale of mining properties and  
nancial position of the company as at December 31, 1963 and the results of its operations  
es applied on a basis consistent with that of the preceding year .

THORNE, MULHOLLAND, HOWSON & McPHERSON,

*Chartered Accountants.*



# ANACON LEAD MINES LIMITED

## NOTE TO FINANCIAL STATEMENT

Year ended December 31, 1963

Subject to approval by the shareholders, the directors passed the following resolution subsequent to December 31, 1963:

1. authorizing an application by the company for supplementary letters patent to:
  - (i) change its name to "Key Anacon Mines Limited" (or such other name as is acceptable to the Provincial Secretary of Ontario),
  - (ii) decrease capital by cancelling pro rata 4,623,254 of the issued shares with a par value of 20¢ per share and increase authorized capital to \$1,200,000.00 divided into 6,000,000 shares with a par value of 20¢ per share by the creation of 2,623,254 shares with a par value of 20¢ per share, ranking equally with the then existing 2,311,627 issued and 1,065,119 unissued shares with a par value of 20¢ per share.
2. authorizing the offering of rights to shareholders to subscribe for one share for each new share of the company's capital stock held (following the issue of supplementary letters patent) at a price of 60¢ per share. The new issue will not be registered under the Securities Act of 1933 of the United States of America, and accordingly the shares will not be offered to shareholders whose recorded addresses are in the United States of America or any of its territories or possessions. The rights will be transferable.
3. authorizing the company's entry into an underwriting agreement whereby the underwriter has agreed to purchase for cash at 60¢ per share all shares which are not taken up by shareholders of the company, pursuant to the offer mentioned in item 2 above. The offering and underwriting when completed will increase the issued capital of the company to 4,623,254 shares. The company proposes to use the proceeds from the sale of the said 2,311,627 shares to take up its full entitlement of additional shares of Brunswick Mining and Smelting Corporation Limited under rights offered by that company (if, as and when issued), to pay interest on the company's existing bank loan, and to apply to the cost of re-opening of the company's Bathurst, New Brunswick property at the appropriate time.

## SCHEDULE A

### INVESTMENTS

December 31, 1963

	No. of shares	
Brunswick Mining and Smelting Corporation Limited (note 1) .....	790,000	2,653,810
Hewbet Mines Limited .....	400,000	130,000*
Bachelor Lake Gold Mines Limited (note 2) .....	125,000	9,375*
Snowden Yellowknife Mines Limited (note 2) .....	66,666	10,000*
Bocabois Gold Mines Limited (note 2) .....	164,000	5,740*
Nigadoo Mines Limited (note 3) .....	20,000	20,000*
		<u>\$2,828,925</u>

\* Figures represent cost.

#### NOTE 1:

In 1953 the company received 772,400 shares of Brunswick Mining and Smelting Corporation Limited as consideration for interest in mining claims. These shares were valued by the company at that time at \$20.00 per share. In 1960, by resolution of the Board, these shares were reduced to \$3.00 per share, being the approximate quoted market value as at December 31, 1960.

#### NOTE 2:

Acquired from New Larder "U" Island Mines Limited in 1955 under the terms of the plan of re-organization dated December 17, 1954.

#### NOTE 3:

Acquired from Nigadoo Mines Limited in 1957 as part consideration for the sale of the assets of the Keymet operation.



# ANACON LEAD MINES LIMITED

## SCHEDULE B

### MINING PROPERTIES, BUILDINGS, PLANT AND EQUIPMENT, DEFERRED DEVELOPMENT AND ADMINISTRATIVE EXPENSES

December 31, 1963

	Mining properties	Buildings, plant and equipment	Deferred development and administrative expenses	Total
24 Patented mining claims in the Townships of McGarry and McFadden, Ontario, at cost .....	2,200.00	—	—	2,200.00
2 Mining licenses comprising 2,242 acres in Parish of Bathurst, County of Gloucester, New Brunswick, at cost .....	66,340.15	323,178.27	1,193,600.89	1,583,119.31
32 Mining claims and 3 mining concessions in the Townships of Rohault and La Dauversiere, Chibougamau Area, Quebec, at cost .....	119,944.80	43,905.05	2,360,535.94	
Less Written off to date .....	—	—	637,789.31	
	119,944.80	43,905.05	1,722,746.63	1,886,596.48
11 Mining claims and 2 mining concessions in Township of Cadillac, Quebec, at cost .....	15,000.00	—	—	15,000.00
16 Mining claims in the Lac Romanet Area, Quebec, at cost .....	19,870.00	—	8,063.44	27,933.44
34 Mining claims in The Batchawana River Area, Ontario, at cost .....	1,700.00	—	545.18	2,245.18
	225,054.95	367,083.32	2,924,956.14	3,517,094.41
Administrative expenses .....	—	—	775,787.22	775,787.22
	<u>\$225,054.95</u>	<u>\$367,083.32</u>	<u>\$ 3,700,743.36</u>	<u>\$ 4,292,881.63</u>

NOTE: The mining properties have not been in operation during the year.

### STATEMENT OF SURPLUS ARISING ON SALE OF MINING PROPERTIES AND INVESTMENTS

Year ended December 31, 1963

Balance at beginning of year .....	2,507,454.96
DEDUCT Write off of investment in Vanasse (Quebec) Mines Limited .....	10,000.00
BALANCE AT END OF YEAR .....	<u>\$ 2,497,454.96</u>

### STATEMENT OF DEFICIT

Year ended December 31, 1963

Loss from fire at Chibougamau property, being net book value of buildings, plant, equipment and other assets destroyed, less proceeds from insurance claim .....	1,046,456.94
DEDUCT Retained earnings at beginning of year .....	26,562.95
DEFICIT AT END OF YEAR .....	<u>\$ 1,019,893.99</u>



# ANACON LEAD MINES LIMITED

## STATEMENT OF DEFERRED DEVELOPMENT AND ADMINISTRATIVE EXPENSES

Year ended December 31, 1963

### DEVELOPMENT

#### NEW BRUNSWICK PROPERTY:

Balance at beginning of year		1,187,629.72	
Add:			
Fire protection	2,155.50		
Taxes	4,436.66		
Loss on disposal of fixed assets	1,872.70		
Miscellaneous	506.31	8,971.17	
		<u>1,196,600.89</u>	
DEDUCT Equipment rental		3,000.00	
Balance at end of year			1,193,600.89

#### CHIBOUGAMAU PROPERTY:

Balance at beginning of year		2,139,408.78	
Add:			
Shaft sinking transferred to deferred development	217,416.94		
Insurance	5,604.10		
Mine office expense	2,729.30		
Camp maintenance	2,014.39		
Fire protection	3,764.85	231,529.58	
		<u>2,370,938.36</u>	
DEDUCT:			
Equipment rentals	6,121.31		
Salvage	4,281.11	10,402.42	
		<u>2,360,535.94</u>	
Less Written off to date		637,789.31	
Balance at end of year			1,722,746.63

#### LAC ROMANET PROPERTY:

Balance at beginning of year		8,030.52	
Exploration costs during year		32.92	
Balance at end of year			8,063.44

#### BATCHAWANA RIVER PROPERTY:

Exploration costs during year		545.18	
		<u>2,924,956.14</u>	

### ADMINISTRATIVE EXPENSES

Balance at beginning of year		518,533.49	
Add:			
Interest on loans and bank charges	239,169.94		
Transfer agents' and registrars' fees	7,990.48		
Administration	3,000.00		
Reports to shareholders	1,895.72		
Stationery and postage	2,084.57		
Filing fees	65.00		
Maps and blueprints	19.42		
Mining licenses	1,964.63		
Miscellaneous	2,450.42	258,640.18	
		<u>777,173.67</u>	
DEDUCT Salvage		1,386.45	
Balance at end of year			775,787.22
			<u>\$ 3,700,743.36</u>







